

and equipment to provide nonregulated products and services.

(d) This account shall include all gains and losses resulting from the exchange of foreign currency. Transactions (realized) gains or losses shall be measured based on the exchange rate in effect on the transaction date. Unrealized gains or losses shall be measured based on the exchange rate in effect at the balance sheet date.

(e) This account shall include gains or losses resulting from the disposition of land or artworks.

(f) This account shall be charged or credited, as appropriate, to record the results of transactions, events or circumstances which are of an operational nature, but occur irregularly or are peripheral to the major or central operations of the company and not provided for elsewhere.

#### **§ 32.7199 Content of accounts.**

The Operating Tax accounts shall include the taxes arising from the central operations of the company.

#### **§ 32.7200 Operating taxes.**

This account number shall be for operating taxes of the type and character listed below.

This account shall be charged and Accounts 4320, Unamortized Operating Investment Tax Credits-Net, shall be credited with investment tax credits generated from qualified expenditures related to regulated operations which the company defers rather than recognizes currently in income.

This account shall be credited and Account 4320 shall be charged ratably with the amortization of each year's investment tax credits included in Account 4320 for investment services for ratemaking purposes. (See also Account 7400, Nonoperating Taxes.) Such amortization shall be determined in relation to the period of time used for computing book depreciation on the property with respect to which the tax credits relate.

This account shall be charged and Account 4070, Income Taxes-Accrued, shall be credited for the amount of Federal Income Taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.

Taxes should be accrued each month on an estimated basis and adjustments made as later data becomes available.

Tax credits, other than investment tax credits, if normalized, shall be recorded consistent with the accounting for investment tax credits and shall be amortized to in income as directed by this Commission.

No entries shall be made to this account to reflect interperiod tax allocations.

This account shall be charged and Account 4070, Income Taxes - Accrued, shall be credited for the amount of state and local income taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.

Taxes should be accrued each month on an estimated basis and adjustments made as later data becomes available.

No entries shall be made to this account to reflect interperiod tax allocations.

This account shall be charged and Account 4080, Other Taxes-Accrued, shall be credited for all taxes, other than Federal, state, and local income taxes and payroll related taxes, related to regulated operations applicable to current periods. Among the items includable in this account are property, gross receipts, franchise and capital stock taxes; this account shall also reflect subsequent adjustments to amounts previously charged.

Special assessments for street and other improvements and special benefit taxes, such as water taxes and the like, shall be included in the operating expense accounts or investment accounts, as may be appropriate.

Discounts allowed for prompt payment of taxes shall be credited to the account to which the taxes are chargeable.

Interest on tax assessments which are not paid when due shall be included in Account 7500, Interest and Related Items.

Taxes paid by the company under tax-free covenants on indebtedness shall be charged to Account 7300, Nonoperating Income and Expense.

Sales and use taxes shall be accounted for, so far as practicable, as part of the cost of the items to which the taxes relate.

Taxes on rented telecommunications plant which are borne by the lessee shall be credited by the owners to Account 5200, Miscellaneous Revenue, and shall be charged by the lessee to the appropriate Plant Specific Operations Expense account.

This account shall be charged or credited, as appropriate, with contra entries recorded to the following accounts for income tax expense that has been deferred in accordance with § 32.22 of Subpart B:

4100 Net Current Deferred Operating Income Taxes

4340 Net Noncurrent Deferred Operating Income Taxes

#### **§ 32.7299 Content of accounts.**

The nonoperating income and expense accounts are intended to record the results of transactions, events and circumstances affecting the company during a period and which are not operational in nature. They shall include such items as nonoperating taxes, dividend income and interest income. Whenever practicable the inflows and outflows associated with a transaction or event shall be matched and the result shown as a net gain or loss.

**§ 32.7300 Nonoperating income and expense.**

This account number shall be used for nonoperating income and expense items of the type and character listed below.

(a) This account shall include dividends on investments in common and preferred stock, which is the property of the company, whether such stock is owned by the company and held in its treasury, or deposited in trust or otherwise controlled.

(b) These accounts shall not include dividends or other returns on securities issued or assumed by the company and held by or for it, whether pledged as collateral, or held in its treasury, in special deposits, or in sinking or other funds.

(c) Dividends received and receivable from affiliated companies accounted for on the equity method shall be included in Account 1401, Investments in Affiliated Companies, as a reduction of the carrying value of the investments.

(d) This account shall include interest on securities, including notes and other evidences of indebtedness, which are the property of the company, whether such securities are owned by the company and held in its treasury, or deposited in trust or otherwise controlled. It shall also include interest on bank balances, certificates of deposits, open accounts, and other analogous items.

(e) There shall be included in this account for each month the applicable amount requisite to extinguish, during the interval between the date of acquisition and date of maturity, the difference between the purchase price and the par value of securities owned, the income from which is includable in this account.

(f) This account shall include the income accrued on cash, securities issued by other companies, and other assets (not including securities or assumed by the company) held in sinking and other funds.

(g) There shall be included in this account for each month the applicable amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the difference between the purchase price, and the par value of securities held in sinking or other funds.

**§ 32.7340 Allowance for funds used during construction.**

This account shall be credited with amounts charged to the telecommunications plant under

construction account.

(a) This account shall include gains or losses resulting from the disposition of the following:

(1) Gains or losses from the disposition of land or artworks;

(2) Gains or losses from the disposition of plant with traffic; and

(3) Gains or losses from the disposition of nonoperating telecommunications plant not previously used in the provision of telecommunications services.

(b) This account shall include all other items of income and gains or losses from activities not specifically provided for elsewhere.

(c) This account shall include representative items as follows:

(1) Fees collected in connection with the exchange of coupon bonds for registered bonds;

(2) Gains or losses realized on the sale of temporary cash investments or marketable equity securities;

(3) Uncollectible amounts previously credited to this account

(4) Net unrealized losses on investments in current marketable equity securities;

(5) Write-downs or write-offs of the book costs of investment in equity securities due to permanent impairment;

or (6) Gains or losses of nonoperating nature arising from foreign currency exchange translation;

(7) Gains or losses from the extinguishment of debt made to satisfy sinking fund requirements;

(8) Amortization of Goodwill;

on (9) Company's share of the earnings or losses of affiliated companies accounted for the equity method; and

(10) The net balance of the revenue from and the expenses (including depreciation; amortization and insurance) or property, plant, and equipment, the cost of which is includable in Account 2006, Nonoperating Plant.

This account shall include the following costs that are typically given special regulatory scrutiny for ratemaking purposes. Unless specific justification to the contrary is given, such costs are presumed to be excluded from the cost of service in setting rates.

(e) Lobbying includes expenditures for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation, or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances) or approval, modification, or revocation of franchises, or for the purpose of influencing the decisions of public officials. This also includes advertising, gifts, honoraria, and political contributions. This does not include such expenditures which are directly related to communications with and appearances before regulatory or other governmental bodies in connection with the reporting utility's existing or proposed operations;

(f) Contributions for charitable, social or community welfare purposes;

(g) Membership fees and dues in social, service and recreational or athletic clubs and organizations;

(h) Penalties and fines paid on account of violations of statutes. This account shall also include penalties and fines paid on account of violations of U.S. statutes including judgments arising from a violation of antitrust laws, and payments in settlement of civil and criminal suits alleging such violations; and

(i) Abandoned construction projects.

#### **§ 32.7399 Content of accounts.**

The Nonoperating Tax account shall include taxes arising from activities which are not a part of the central operations of the entity.

#### **§ 32.7400 Nonoperating taxes.**

This account number shall be used for nonoperating taxes of the type and character listed below.

(a) This account shall be charged and Account 4330, Unamortized Nonoperating Investment Tax Credits-Net, shall be credited with investment tax credits generated from qualified expenditures related to other operations which the company has elected to defer rather than recognize currently in income.

(b) This account shall be credited and Account 4330 shall be charged with the amortization of each year's investment tax credits included in such accounts relating to amortization of previously deferred investment tax credits of other property or regulated property, the amortization of which does not serve to reduce costs of service (but the unamortized balance does reduce rate base) for ratemaking purposes. Such amortization shall be determined with reference to the period of time used for computing book depreciation on the property with respect to which the tax credits relate.

(c) This account shall be charged and Account 4070, Income Taxes - Accrued, shall be credited for the amount of nonoperating Federal income taxes for the current period. This account

shall also reflect subsequent adjustments to amounts previously charged.

(d) Taxes shall be accrued each month on an estimated basis and adjustments made as later data becomes available.

(e) Companies that adopt the flow-through method of accounting for investment tax credits shall reduce the calculated provision in this account by the entire amount of the credit realized during the year. Tax credits, other than investment tax credits, if normalized, shall be recorded consistent with the accounting for investment tax credits.

(f) No entries shall be made to this account to reflect interperiod tax allocation.

(g) This account shall be charged and Account 4070, Income Taxes -Accrued, should be credited for the amount of state and local income taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.

(h) Taxes shall be accrued each month on an estimated basis and adjustments made as later data becomes available.

(i) No entries shall be made to this account to reflect interperiod tax allocation.

(j) This account shall be charged and Account 4080, Other Taxes--Accrued, shall be credited for all nonoperating taxes, other than Federal, state and local income taxes, and payroll related taxes for the current period. Among the items includable in this account are property, gross receipts, franchise and capital stock taxes. This account shall also reflect subsequent adjustments to amounts previously charged.

(k) This account shall be charged or credited, as appropriate, with contra entries recorded to the following accounts for nonoperating tax expense that has been deferred in accordance with § 32.22 of Subpart B:

4110 Net Current Deferred Nonoperating Income Taxes  
4350 Net Noncurrent Deferred Nonoperating Income Taxes

#### **§ 32.7499 Content of accounts.**

Interest and related amounts shall be included in this account.

(a) This account number shall be used for interest and related items of the type and character listed below.

(1) This account shall include the current accruals of interest on all classes of debt the principal of which is includable in Account 4210, Funded Debt. It shall also include the interest on funded debt the maturity of which has extended by specific agreement.

(2) These accounts shall not include charges for interest on funded debt issued or assumed by the company and held by or for it, whether pledged as collateral or held in its treasury, in special deposits or in sinking or other funds.

(3) Interest expressly provided for and included in the face amount of securities issued shall be charged at the time of issuance to Account 1330, Other Prepayments, and cleared to this account as the term expires to which the interest applies.

(4) This account shall also include monthly amortization of balances in Accounts 4220, Premium on Long-Term Debt, and 4230, Discount on Long-Term Debt.

(b) This account shall include the interest portion of each capital lease payment.

(c) This account shall include the monthly amortization of the balances in Account 1407, Unamortized Debt Issuance Expense.

(d) This account shall include all interest deductions not provided for elsewhere, e.g., discount, premium, and expense on notes maturing one year or less from date of issue.

(e) A list of representative items of indebtedness, the interest on which is chargeable to this account, follows

(1) Advances from affiliated companies;

(2) Advances from nonaffiliated companies and other liabilities

(3) Assessments for public improvements past due;

(4) Bond coupons, matured and unpaid;

(5) Claims and judgments;

(6) Customers' deposits;

(7) Funded debt mature, with respect to which a definite agreement as to extension has not been made;

(8) Notes payable on demand or maturing one year or less from date of issue;

(9) Open accounts;

(10) Tax assessments, past due; and

(11) Discount, premium, and issuance expense of notes maturing one year or less from date of issue.

(f) Interest payable on notes or other evidences of indebtedness maturing serially shall be charged to Account 7510, Interest of Funded Debt, if any portion of the obligation matures more than

one year from date of issue.

**§ 32.7599 Content of accounts.**

This account is intended to segregate the effects of events or transactions that are extraordinary. Extraordinary events and transactions are distinguished by both their unusual nature and by the infrequency of their occurrence, taking into account the environment in which the company operates. These accounts shall also include the related income tax effect of the extraordinary items.

**§ 32.7600 Extraordinary items.**

This account shall be for expenses of the type and character listed below.

(a) This account shall be credited with nontypical, noncustomary and infrequently recurring gains or losses which would significantly distort the current year's income computed before such extraordinary items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in Account 7600, Extraordinary Items.

(b) This account shall be charged or credited and Account 4070, Income Taxes-Accrued, shall be credited or charged for all current income tax effects (Federal, state and local).

(c) This account shall be charged or credited, as appropriate, with a contra amount recorded to Account 4350, Net Noncurrent Deferred Nonoperating Income Taxes or Account 4110, Net Current Deferred Nonoperating Income Taxes for the income tax effects (Federal, state and local).

**§ 32.7899 Content of accounts.**

Nonregulated income amounts shall be included in Accounts 7990.

**§ 32.7990 Nonregulated net income.**

(a) This account shall be used by those companies who offer nonregulated activities that do not involve the joint or common use of assets or resources used in the provision of both regulated and nonregulated products and services, and which have not established a separate subsidiary for that purpose.

(b) All revenue and expenses (including taxes) incurred in these nonregulated activities shall be recorded on separate books of account for such operations. Only the net of the total revenues and total expenses shall be recorded in this account, with a contra debit or credit to account 1406.



## ***Subpart G - Glossary***

### **§ 32.9000 Glossary of terms.**

When used in this system of accounts:

"Accelerated depreciation" means a depreciation method or period of time, including the treatment given cost of removal and gross salvage, used in calculating depreciation deductions on income tax returns which is different from the depreciation method or period of time prescribed by this Commission for use in calculating depreciation expense recorded in a company's books of account.

"Account" means a specific element of a chart of accounts used to record, classify and accumulate similar financial transactions resulting from the operations of the entity. "Accounts" or "these accounts" refer to the accounts of this system of accounts.

"Accounting System" means the total set of interrelated principles, rules, requirements, definitions, accounts, records, procedures and mechanisms necessary to operate and evaluate the entity from a financial perspective. An accounting system generally consists of a chart of accounts, various parallel subsystems and subsidiary records. An accounting system is utilized to provide the necessary financial information to the financial community.

"Affiliated companies" means companies that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the accounting company. See also Control.

"Amortization" means the systematic recoveries, through ratable charges to expense, of the cost of assets.

"Associated equipment" means that equipment which functions with a specific type of plant or with two (2) or more types of plant. Associated equipment shall be classified to the account appropriate for the type of equipment with which it is predominately used rather than on its own characteristics.

"Basic service area" means the minimum specified calling area for which a tariff is prescribed.

"Book cost" means the amount at which property is recorded in these accounts, without deduction of related allowances.

"Common carrier" or "carrier" means any person engaged as a common carrier for hire, in interstate or foreign communication by wire or radio or in interstate or foreign radio transmission of energy, except where reference is made to common carriers not subject to this Act; but a person engaged in radio broadcasting shall not, insofar as such person is so engaged, be deemed a common carrier.

"Company" or "the company" when not otherwise indicated in the context, means the accounting entity. It includes such unincorporated entities, which may be subject to the Communications Act of 1934, as amended.

"Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement with, one or more other companies, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stock-holders, voting trusts, holding trusts, affiliated companies, contract, or any other direct or indirect means.

"Cost", except as applied to telecommunications plants, franchises, and patent rights, means the amount of money actually paid (or the current money value of any consideration other than money exchanged) for property or services. See also Original Cost.

"Cost of removal" means the cost of demolishing, dismantling, removing, tearing down, of otherwise disposing of telecommunications plant and recovering the salvage, including the cost of transportation and handling incident thereto.

"Depreciation" means the loss not restored by current maintenance, in connection with the consumption of telecommunications plant in the course of service from wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in technology, changes in demand and requirements of public authorities.

"Entity" means a legal enterprise (common carrier) engaged in interstate communications within the meaning of the Communications Act of 1934, as amended.

"Group plan," as applied to depreciation accounting, means the plan under which depreciation charges are accrued upon the basis of the original cost of all property included in each depreciable plant account. Upon the retirement of any depreciable property its cost is charged to the depreciation reserve whether or not the particular item has attained the average service life.

"Indexed revenue threshold for a given year" means \$100 million, adjusted for inflation, as measured by the Department of Commerce Gross Domestic Product Chain-type Price Index (GDP-CPI), for the period from October 19, 1992 to the given year. The indexed revenue threshold for a given year shall be determined by multiplying \$100 million by the ratio of the annual value of the GDP-CPI for the given year to the estimated seasonally adjusted GDP-CPI on October 19, 1992. The indexed revenue threshold shall be rounded to the nearest \$1 million. The seasonally adjusted GDP-CPI on October 19, 1992 is determined to be 100.69.

"Intangible property" means assets that have no physical existence but instead have value because of the rights which ownership confers.

"Minor items," as applied to depreciable telecommunications plant, means any part or element of such plant, which when removed, (with or without replacement) does not initiate retirement accounting.

"Original cost" or "cost," as applied to telecommunications plant, rights of way and other intangible property, means the actual money cost of (or the current money value of any consideration or other than money exchanged for) property at the time when it was first dedicated to use by a regulated telecommunications entity.

"Plant retired" means plant, which has been removed, sold, abandoned, destroyed, or otherwise withdrawn from service.

"Salvage value" means the amount received for property retired, if sold, or if retained for reuse, the amount at which the material recovered is chargeable to Account 1220, Material and Supplies, or other appropriate account.

"Straight-line method," as applied to depreciation accounting, means the plan under which the cost of property is charged to operating expenses and credited to accumulated depreciation through equal annual charges as nearly as may be during its service life.

"Subsidiary record" means detailed information which is maintained in support of entries to the accounts.

"Subsystems, parallel mechanisms" means processes or procedures, which augment the use of a chart of accounts in the financial operation of the entity. These subsystems operate on and/or process account and subsidiary record information for specific purposes.

"Telecommunications" means any transmission, emission, or reception of signs, signals, writing, images or sounds or intelligence of any nature by wire, radio, visual or other electromagnetic systems. This encompasses the aggregate of several modes of conveying information, signals or messages over a distance. Included in the telecommunications industry is the transmitting, receiving, or exchanging of information among multiple locations. The minimum elements required for the telecommunications process to occur are a message source, a transmission medium and a receiver.

"Time of installation" means the date at which telecommunications plant is placed in service.

"Time of retirement" means the date at which telecommunications plant is retired from service.

"Tangible property" means assets characterized by physical existence, such as land, buildings, equipment, furniture, fixtures and tools.

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# **PART 36**

**USTA  
BIENNIAL REVIEW PETITION  
SEPTEMBER 30, 1998**

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Rule No.	Action	Justification
36.3	<p>For Price Cap Companies, freeze categories and factors as of 12/31/97</p> <p>For Rate of Return Companies, freeze factors based on three-year average and maintain categories</p>	<p>Provide competitively neutral, administratively simple separations process. Avoids cost shifts and introduces stability into the process.</p>

## **APPENDIX B**

### **DRAFT RULES**

#### **§ 36.3 Freezing of jurisdictional separations allocation factors and/or account categorization levels.**

(a) Effective January 1, 1998, local exchange carriers subject to price cap regulation shall freeze their study area-specific separations allocation factors at the annual levels for the period ending December 31, 1997 using the procedures in effect at that time with the exception of the following:

(1) Effective January 1, 1998, twenty-five percent of the cost assigned to Exchange Cable and Wire Facilities - Subcategory 1.3 shall be allocated to the interstate jurisdiction and seventy-five percent shall be allocated to the state jurisdiction.

(2) Effective January 1, 1998, local exchange carriers that bill or collect for interstate services from end users on behalf of interexchange carriers shall allocate one third of the expenses assigned to Account 6620 - Category 2, Other Billing and Collection, to the interstate jurisdiction and two thirds of the expenses assigned this classification to the state jurisdiction.

(3) Effective January 1, 1998, local exchange carriers that do not bill or collect from end users on behalf of interexchange carriers shall allocate five percent of the expenses assigned to Account 6620 - Category 2, Other Billing and Collection, to the interstate jurisdiction and ninety-five percent of the expenses assigned this classification to the state jurisdiction.

(b) Effective January 1, 1998, all other local exchange carriers shall freeze their study area-specific separations allocation factors based on a three year average of each individual separations allocation factor for years 1994 through 1996, using the procedures in effect at that time with the exception of the items identified in 36.3(a) or (b) above.

(c) Effective January 1, 1998, local exchange carriers subject to price cap regulation shall freeze the separations categorization relationships of all account balances at the annual data for the period ending December 31, 1997, using the procedures in effect at that time.

(d) Any newly established local exchange carrier study area desiring cost company status will categorize telecommunications plant in service and develop separations allocation factors in accordance with the rules outlined in this manual. The separations allocation factors and/or account categorization relationships will be frozen subject to the requirements of §36.3(a) or (b).

(e) Any local exchange carrier study area that is party to a merger, acquisition, or similar transaction will categorize telecommunications plant in service and develop separations allocation

factors in accordance with the rules outlined in this manual. The separations allocation factors and/or account categorization levels will be frozen subject to the requirements of §36.3(a) or (b).

(f) Any local exchange carrier converting from average schedule to cost status will categorize telecommunications plant in service and develop separations allocation factors in accordance with the rules outlined in this manual. The separations allocation factors and/or account categorization levels will be frozen subject to the requirements of §36.3(a) or (b).

## Overview of Affected Rules

USTA Appendix A

Account #	Part 36 Rule #	Account Title	Separations Category (Includes sub Categories)	Jurisdictional Allocation Basis Price Cap Companies	Jurisdictional Allocation Basis Rate of Return Companies
<b>INVESTMENT</b>					
2110	111-112	General Support Facilities	No Categories	Class A: Big 3 Expenses <sup>1</sup>  Maintain existing rules	Class B: Big 3 Investment <sup>2</sup>  Maintain existing rules
2210	121-126	Central Office Switching Equipment	Endem Switching Category 2 Local Switching Category 3	Freeze Categories  Freeze Jurisdictional Allocators as of 12/31/97	Maintain Categorization  Freeze Jurisdictional Allocators with average allocator used in 1994-96
2220	121-126	Operator Systems Equipment	Operator Systems Category 1	Freeze Categories  Freeze Jurisdictional Allocators as of 12/31/97	Maintain Categorization  Freeze Jurisdictional Allocators with average allocator used in 1994-96
2230	121-126	Central Office Transmission Equipment	Exchange Circuit Equipment Category 4.1  Interexchange Circuit Equipment Category 4.2  Host Remote Message Circuit Category 4.3	Freeze Categories  Freeze Jurisdictional Allocators as of 12/31/97	Maintain Categorization • MTS • Private Line • Terminations • Circuits  Freeze Jurisdictional Allocators with average allocator used in 1994-96
2310	141-142	Information Origination Termination Equipment	Other IOI Category 1 Customer Premises Equipment Category 2	Freeze Categories  Freeze Jurisdictional Allocators as of 12/31/97	Maintain Categories  Freeze Jurisdictional Allocators with average allocator used in 1994-96
2410	151-157	Cable and Wire Facilities	Exchange Line CW&F Excluding Wideband Category 1  Wideband and Exchange Trunk CW&F Category 2  Interexchange C&W1 Category 3  Host Remote Message CW&F Category 4	Freeze Categories  Freeze Jurisdictional Allocators as of 12/31/97	Maintain Categorization • MTS • Private Line • Loops • Circuits • Circuit Mileage  Freeze Jurisdictional Allocators with average allocator used in 1994-96
2680	161	Tangible Assets	Categories based on A/C 2681 & 2682	Freeze Categories  Freeze Jurisdictional Allocators as of 12/31/97	Maintain Categorization  Maintain existing rules
2690	162	Intangible Asset	One Category	Maintain existing rules	Maintain existing rules

<sup>1</sup> Big 3 Expense Factor is comprised of Accounts 6210, 6220, 6230, 6310, 6410, 6530, 6610, 6620, and its ratio of the interstate portion of these accounts to the total regulated amount of these accounts.

<sup>2</sup> Big 3 Investment is Comprised of Central Office Equipment (A/C 2210, 2220, & 2230), information origination/termination equipment (A/C 2310) and cable and wire facilities (A/C 2410)



## Overview of Affected Rules

USTA Appendix A

2002	171	Property Held for Future Use	One Category	Maintain existing rules	Maintain existing rules
2003	171	Telecommunications Plant Under Construction (TPIU)	One Category	Maintain existing rules	Maintain existing rules
2005	171	Telecommunications Plant Adjustment	One Category	Maintain existing rules	Maintain existing rules
1402	172	Investment in Non-Affiliated Companies	Class B RTH Category All Other Category	Freeze Categories Maintain existing rules	Maintain Categories Maintain existing rules
1220	181	Material and Supplies	CPI Category All Other Category	Freeze Categories Maintain existing rules	Maintain Categorization Maintain existing rules
	182	Cash Working Capital	No Categories	Maintain existing rules	Maintain existing rules
All Primary Accounts	191	Equal Access Equipment	Amounts relating to incremental Expenditure for Equal Access	Maintain existing rules	Maintain existing rules
<b>OPERATING REVENUES &amp; CERTAIN INCOME ACCOUNTS</b>					
5000	212	Local Service Revenues	Existing Accounts	Maintain existing rules	Maintain existing rules
5080	213	Network Access Revenues	Existing Accounts	Maintain existing rules	Maintain existing rules
5100	214	Long Distance Message Revenues	Existing Accounts	Maintain existing rules	Maintain existing rules
5200	215	Miscellaneous Revenues	Existing Accounts	Maintain existing rules	Maintain existing rules
5300	216	Uncollectible Revenues	Existing Accounts	Maintain existing rules	Maintain existing rules
7100	221	Other Operating Income and Expenses	Amounts relating to Foreign Exchange Amounts based on TPIS	Freeze Category Relationships Maintain existing rules	Maintain Categories Maintain existing rules
7300	222	Nonoperating Income and Expense	Existing Accounts	Freeze Category Relationships Maintain existing rules	Maintain Account/Category Maintain existing rules
7500	223	Interest and Related Items	Capital Leases	Freeze Category Relationships Maintain existing rules	Maintain Account/Category Maintain existing rules
7600	224	Extraordinary Items	Existing Accounts	Maintain existing rules	Maintain existing rules
7910	225	Income Effect of Jurisdictional Ratemaking Differences	Existing Accounts	Maintain existing rules	Maintain existing rules
<b>OPERATING EXPENSES &amp; TAXES</b>					
6110	310	Network Support Expenses	No Categories	Maintain existing rules	Maintain existing rules
6120	311	General Support Expenses	No Categories	Maintain existing rules	Maintain existing rules
6210	321	Central Office Switching Equipment Expense	No Categories	Maintain existing rules	Maintain existing rules
6220	321	Operator Systems Equipment Expense	No Categories	Maintain existing rules	Maintain existing rules
6230	321	Central Office Transmission Equipment Expense	No Categories	Maintain existing rules	Maintain existing rules
6310	331	Information Origination Termination Equipment Expense	Other IOT Category 1 Customer Premises Equipment Category 2	Freeze Categories Freeze Jurisdictional Allocators as of 12/31/97	Maintain Categorization Freeze Jurisdictional Allocators with average allocator used in 1994-96
6410	341	Cable and Wire Facilities	No Categories		

## Overview of Affected Rules

USTA Appendix 7

		Expense	No Categories	Maintain existing rules	Maintain existing rules
6510	452	Other Property Plant and Equipment Expense	No Categories	Maintain existing rules	Maintain existing rules
6530	453	Network Operations Expense	No Categories	Maintain existing rules	Maintain existing rules
6540	454	Access Expenses	Existing Categories: Accounts	Maintain existing rules	Maintain existing rules
6560	461	Depreciation and Amortization Expense	Follows Investments	Maintain existing rules	Maintain existing rules
6610	472	Marketing Expense	No Categories	Maintain existing rules	Maintain existing rules
6620	473-482	Customer Services Expenses	Telephone Operator Services Category Publish Directory Listing Category	Freeze Category relationships	Maintain Categories
6710	492	Executive & Planning Expense	All Other Category	Freeze Jurisdictional Allocators as of 12/31/97	Freeze Jurisdictional Allocators with average allocator used in 1994-96
6720	492	General and Administrative Expense	IAS Category All Other Category	Freeze Categories	Maintain Categories
7200	411-412	Operating Taxes	Existing Accounts	Maintain existing rules	Maintain existing rules
Plant Specific Accounts	421	Equal Access Expenses	Amounts relating to incremental expenditure for Equal Access	Maintain existing rules	Maintain existing rules
1500	502	Other Jurisdictional Assets-Net	Existing Accounts	Maintain existing rules	Maintain existing rules
3100	503	Accumulated Depreciation-Primary Plant	Existing Accounts	Maintain existing rules	Maintain existing rules
3200	504	Accumulated Depreciation-PHUT	Existing Accounts	Maintain existing rules	Maintain existing rules
3400	505	Accumulated Amortization-Tangible	Existing Accounts	Maintain existing rules	Maintain existing rules
3500	505	Accumulated Amortization-Intangible	Existing Accounts	Maintain existing rules	Maintain existing rules
3600	505	Accumulated Amortization-Other	Existing Accounts	Maintain existing rules	Maintain existing rules
4100	506	Net Current Deferred Operating Income Taxes	Existing Accounts	Maintain existing rules	Maintain existing rules
4340	506	Net Non-current Deferred Operating Income Taxes	Existing Accounts	Maintain existing rules	Maintain existing rules
4370	507	Other Jurisdictional Liabilities and Deferred Credits-Net	Existing Accounts	Maintain existing rules	Maintain existing rules

# **PART 41**

**USTA  
BIENNIAL REVIEW PETITION  
SEPTEMBER 30, 1998**

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Rule No.	Action	Justification
41.1-41.32	Eliminate entire Part 41.	These rules are obsolete. They were originally established in 1935 to prevent abused of franking to achieve a competitive advantage. Today, franks are rarely, if ever used.

# **PART 42**

**USTA  
BIENNIAL REVIEW PETITION  
SEPTEMBER 30, 1998**

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Rule	Action	Justification
42.01 thru 42.04	Delete	These sections are no longer necessary because companies already preserve records for legal and financial purposes. Specific rules on how the records should be kept are not necessary. As long as the companies are responsible for producing the records when needed it should be left up to the individual companies to determine the best manner in which to keep the records.
42.5	Delete	Specific requirements for documents in machine-readable format are no longer relevant. Today, most records are originally prepared in electronic format and carriers should be allowed to keep them as such without additional burdens being imposed. As long as the companies are responsible for producing the records when needed it should be left up to the individual companies to determine the best manner in which to keep the records. The Federal Business Records Act provides sufficient guidance to companies for the proper retention of records of all types.
42.6	Delete	It is not necessary to specify that toll records must be kept for 18 months because companies already maintain for their own purposes any records that law enforcement might need. Thus, this rule is no longer necessary.
42.7	Delete	This section is no longer necessary because companies already preserve records for legal and financial purposes. Specific rules on how the records should be kept are not necessary. As long as the companies are responsible for producing the records when needed it should be left up to the individual companies to determine the best manner in which to keep the records.
42.11	Modify	This section should be moved to the revised Part 61 which contains all tariffing rules.

# **PART 43**

**USTA  
BIENNIAL REVIEW PETITION  
SEPTEMBER 30, 1998**

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Rule No.	Action	Justification
43.21	43-01 Annual Summary Report - Consolidate FCC reports 43-01, 43-02, and 43-04 into one new report, 43-00.	Cash flow information is readily available. Demand data is available on the 43-08. Only six Part 69 reporting categories relevant in today's marketplace.
	43-02 USOA - Eliminate-report. Consolidate relevant information into report 43-00.	Many of these schedules have their origin and continued practical significance in rate of return/cost of service regulation. In addition, these schedules contain information that is publicly available in submissions to the SEC. Affiliate transaction data is unnecessary. Plant and depreciation reserve tables are unnecessary. They should be eliminated.
	43-03 Joint Cost Report Replace existing report with consolidation of income and investment information and the combination of the direct, indirect, and generally allocated columns.	Information contained on this report is readily available from other sources.
	495A (Forecast Report) and 495B (Actual Usage Report) Eliminate these reports in entirety.	These reports are unnecessary in today's pro-competitive environment, and create an unnecessary burden imposed on LECs.
	43-04 Access Report - Eliminate this report. Information consolidated into report 43-00.	This report is no longer necessary in the public interest.
	43-05 Delete existing Tables I, II and V of the five tables in the report	Information concerning installation and repair intervals is included in tariffs and service agreements. This reports is duplicative and also contains data that can be used by other providers to give them a competitive advantage. Local service is within the state regulatory commissions jurisdiction. There is no longer a need to report common trunk blockage. ILECs already report on initial and thirty day service disruptions. The FCC receives complaint data from the state commissions. LECs should not be required to report the same



Rule No.	Action	Justification
		information.
43.21(h)	43-06 Delete this entire report. Eliminate Paragraph 43.21(h)	Customer satisfaction survey reporting is unnecessary in a competitive environment. Customers now have more options including filing complaints with the commission or switching to another provider.
43.21(i)	43-07 Delete this entire report. Eliminate Paragraph 43.21(i)	Network services reported in this table are ubiquitous, and there is no need to provide this data. No need to report on the deployment of fiber. The data on these tables is redundant and no longer adds any value..
43.21(j)	43-08 Modify part of Table I.A (delete columns (d) through (o). Eliminate Table III entirely. File the revised report on a "Holding Company" basis, rather than on an operating company basis. Modify rules to reflect this change.	This report requires more detail than is needed in today's competitive environment. In a pro-competitive environment, information should not be required from only one class of provider.

# **PART 61**

**USTA  
BIENNIAL REVIEW PETITION  
SEPTEMBER 30, 1998**

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Rule	Action	Justification
61.2	<b><u>Clear and explicit explanatory statements.</u></b> Section deleted.	Section adds no value.
61.3 now 61.2	<b><u>Definitions.</u></b> Definitions associated with price cap regulation are deleted and moved to Part XX. Contract based tariff language modified to be a contract between Carrier and customer.	All price cap regulation rules moved to new Part XX. Contract based tariff language change allows additional flexibility for ILECs to offer contract based tariffs in response to RFPs.
	<b>GENERAL RULES</b> Title deleted.	Title no longer necessary.
	<b>GENERAL RULES FOR DOMESTIC AND INTERNATIONAL NONDOMINANT CARRIERS</b> Replace title with: <b>GENERAL RULES FOR COMMON CARRIERS</b>	The general rules that are the same for all carriers have been consolidated into this one section.
61.20	<b><u>Detariffing of interstate, domestic, interexchange services.</u></b> Section deleted.	Specific nondominant IXC general tariff rules are no longer necessary.
61.21 now 61.10	<b><u>Method of filing publications.</u></b> Moved International carrier requirements from 61.21(b)(2) to new 61.11(a)(2) (new International Carrier section). Reference to Tariff Review Branch changed to Tariff and Pricing Analysis Branch.	Moved specific reference to International carrier requirements to new 61.11 to consolidate rules regarding International's. This paragraph consolidates all "method of filing publications" into this section. Bureau changed title of organization responsible for tariffs.

Rule	Action	Justification
61.22 now 61.11	<b><u>Cover Letters.</u></b> All cover letter information consolidated into this paragraph, including International from 61.21(b)(2). Exception of 61.32(b) (fees) removed.	Consolidated cover letter rules into this one paragraph. Exception regarding fees was redundant, and therefore eliminated.
	<b>SPECIFIC RULES FOR DOMESTIC AND INTERNATIONAL NONDOMINANT CARRIERS</b> Replace Title with: <b>SPECIFIC RULES FOR TARIFF PUBLICATIONS</b>	Title change reflects correct application of the rules to all common carriers, not just nondominant carriers.
61.23	<b><u>Composition of Tariffs.</u></b> Section deleted.	Specific non-dominant IXC rules no longer necessary.
61.24 now 61.15	<b><u>Notice Requirements</u></b> Sections 61.24 and 61.58 consolidated into 61.15. Tariff filings making corrections changed from a three-day notice period to a one-day notice period. Nondominant tariff filing notice period corrected from 14 days to 1 day. Moved paragraph 69.3(h) to 61.15(c)(1) and revised language for annual price cap filings. Annual Tariff Filing 90 day notice period changed to 7 or 5 days to comply with Section 204(a)(3) of the Act. Revise 61.15(c)(2) notice period for filings where API does not exceed PCI to be consistent with Section 204(a)(3).	Consolidates notice requirements for tariff publications of all common carriers in this section. Three-day notice period for corrections adds no value to the process. One day is sufficient. Corrects notice requirement language for nondominant carriers and price cap LECs.

Rule	Action	Justification
61.15	<b>Notice Requirements</b> Revise 61.15(c)(3) notice period for above band tariff filings from 120 days to 45 days.	120 days for above band filings excessive. 45 days is more reasonable.
61.15	<b>Notice Requirements</b> Delete Sections 61.15(c)(4), (5), (6) and (7).	Lower SBI limit rules are obsolete. New services are no longer subject to price cap regulation. New services will be subject to streamlined tariff rules (204(a)(3)) with no cost support requirements and by definition are in the public interest. Restructures will be subject to Section 204(a)(3).
61.15	<b>Notice Requirements</b> Revise 61.15(e) to replace OIR with Section 61.70 requirements. Revise 61.15(f) language for Section 61.71 tariffs to be consistent with Section 204(a)(3).	Deleted OIR rules and revised ROR notice periods to be consistent with Section 204(a)(3) of the Act.
61.32 now 61.10	<b>Method of Filing Publications</b> Moved from nondominant IXC's section to new consolidated "Method of Filing Publication" section.	Consolidated general rules for all common carriers into paragraph 61.10.
61.33 now 61.12	<b>Letters of Transmittals.</b> This paragraph reorganized for a more logical flow. Paragraph 61.33 (b) eliminated, consolidated and moved into new 61.71 section. Eliminate references to contract based tariffs. Reference to Tariff Review Branch changed to Tariff and Pricing Analysis Branch.	Consolidated general rules for all common carriers. Specific tariff rules related to contract based tariffs are unnecessary and burdensome to LEC's. Having a special process and transmittal number for contract-based tariffs adds no value, and requires separate procedures for the LECs.

Rule	Action	Justification
61.35 now 61.42	<b><u>Delivered free of charge.</u></b> Moved to 61.42 for more logical flow. No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.36 now 61.43	<b><u>Tariff publication not returned.</u></b> Moved to 61.43 for more logical flow. No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.38 now 61.70	<b><u>Supporting information to be submitted with letters of transmittal.</u></b> Moved to 61.70, under Rate of Return regulation. Revised applicable carrier language to be those LECs serving less than 2% of the nation's access lines. Revised and greatly reduced cost support requirements and information for tariffs filed pursuant to Section 204(a)(3) of the Act. Language added to state that a zone pricing plan must be filed before introducing zones in a tariff. Eliminated additional supporting material requirements for certain tariff rate increases.	Consolidated all ROR regulation into one section. Applicable carrier language revised to be consistent with Section 251(f)(2) of the Act. Cost support requirements reduced to be consistent with section 204(a)(3) of the Act and to eliminate unnecessary requirements.

Rule	Action	Justification
61.39 now 61.71	<p><b><u>Optional Supporting information to be submitted with letters of transmittal...</u></b>  Moved to 61.71, under Rate of Return regulation. Revised applicable carrier language to be those LECs serving less than 2% of the nation's access lines.  Revised section to refer to SLC and PICC ceilings established in revised Part 69. CCL rate formulas revised to clarify that they recover the revenue requirement not recovered by SLCs and PICCs.</p>	Consolidated all ROR regulation into one section. Applicable carrier language revised to be consistent with Section 251(f)(2) of the Act. Revisions made to be consistent with changes to Part 69 to SLCs and to add PICCs, with CCL recovering remaining revenue, per USTA ROR Access Reform Team proposals.
61.40	<p><b><u>Private Line rate structure.</u></b>  Section deleted.</p>	Rules are obsolete. Previously applied to AT&T.
61.41	<p><b><u>Price cap requirements generally.</u></b>  Section deleted and incorporated in new XX.1 rules. All references to dominant IXCs are eliminated.</p>	All price cap regulation rules moved to Part XX. Eliminate obsolete language.
61.42	<p><b><u>Price cap baskets and service categories.</u></b>  Section deleted and incorporated into new XX.102 rules. All references to dominant IXCs are eliminated.</p>	All price cap regulation rules moved to Part XX. Eliminate obsolete language.
61.43	<p><b><u>Annual Price Cap filing required.</u></b>  Section deleted and incorporated into 61.15.</p>	The filing notice requirements are now incorporated in 61.15(c).
61.44	<p><b><u>Adjustments to the PCI for Dominant Interexchange Carriers.</u></b>  Section deleted. All references to dominant IXCs are eliminated.</p>	Dominant IXC price cap rules are obsolete.

Rule	Action	Justification
61.45	<b><u>Adjustments to PCI for Local Exchange Carriers.</u></b> Section deleted and incorporated into new XX.104 rules.	All price cap regulation rules moved to Part XX.
61.46	<b><u>Adjustments to API.</u></b> Section deleted and incorporated into new XX.105 rules.	All price cap regulation rules moved to Part XX.
61.47	<b><u>Adjustments to SBI; pricing bands.</u></b> Section deleted and incorporated into new XX.106 rules.	All price cap regulation rules moved to Part XX.
61.48	<b><u>Transition rules for price cap formula calculations.</u></b> Section deleted. All references to dominant IXCs are eliminated. Transition rules for price cap LECs eliminated.	Dominant IXC price cap rules and transition rules for price cap LECs are obsolete.
61.49	<b><u>Supporting information to be submitted with letters of transmittal for tariffs of carriers subject to price cap regulation.</u></b> Section deleted. All references to dominant IXCs are eliminated. Cost support/tariff supporting material requirements eliminated.	Dominant IXC price cap rules are obsolete. Tariff cost support requirements are cumbersome and unnecessary.
New	<b>ELECTRONIC TARIFF FILINGS</b> Title added.	Add Title for new Electronic Tariff Filings section.
New 61.44	<b><u>Scope.</u></b> Add electronic tariff filing requirements.	Complies with Commission requirements for tariffs to be filed electronically.



Rule	Action	Justification
New 61.45	<b><u>Method of filing publications.</u></b> Add electronic tariff filing requirements.	Complies with Commission requirements for tariffs to be filed electronically.
New 61.46	<b><u>Letters of transmittal and cover letters.</u></b> Add electronic tariff filing requirements.	Complies with Commission requirements for tariffs to be filed electronically.
New 61.47	<b><u>Base Documents.</u></b> Add electronic tariff filing requirements.	Complies with Commission requirements for tariffs to be filed electronically.
New 61.48	<b><u>Method of filing applications for special permission.</u></b> Add electronic tariff filing requirements.	Complies with Commission requirements for tariffs to be filed electronically.
61.50	<b><u>Scope: Optional incentive regulation for rate of return LECs.</u></b> Section deleted.	Deleted OIR rules for ROR ILECs to incorporate recommendation from the FCC Part 61 Biennial Review NPRM (CC Docket No. 98-131).
New 61.50	<b><u>Filing of access service tariffs.</u></b> Moved Section 69.3 to this new section. References to OIR rules are eliminated.	Consolidated all filing of access tariff requirements into Part 61. Deleted OIR rules for ROR ILECs to incorporate recommendation from the FCC Part 61 Biennial Review NPRM (CC Docket No. 98-131).
61.51	<b><u>LEC filing requirements pursuant to section 204(a)(3) of the Communications Act.</u></b> Section deleted and incorporated into Section 61.15.	All tariff filing notice requirements incorporated into 61.15.
61.52 now 61.14	<b><u>Form, size, type, legibility, etc.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.

Rule	Action	Justification
61.53 now 61.17	<b><u>Consecutive numbering.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.54 now 61.13	<b><u>Composition of tariffs.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.55 now 61.18	<b><u>Contract-based tariffs.</u></b> Reference to IXCs deleted.	Section renumbered in the reorganization of all tariff requirements. LECs are now provided the flexibility to file contract-based tariffs.
61.56 now 61.19	<b><u>Supplements.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.57 now 61.20	<b><u>Cancellations.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.58 now 61.15	<b><u>Notice requirements.</u></b> Incorporate into revised 61.15.	Consolidate notice requirements under "Specific Rules for Tariff Publications" section.
61.59	<b><u>Effective period required before changes.</u></b> Section deleted.	Deletes requirement that tariffs be in effect for 30 days before any changes are made.
61.67	<b><u>New or discontinued telephone and teletypewriter service points; mileages.</u></b> Section deleted.	Deletes obsolete rules.

Rule	Action	Justification
61.68 now 61.16	<b><u>Special notations.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.69 now 61.21	<b><u>Rejection.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.71	<b><u>Reissued matter.</u></b> Section deleted.	Deletes obsolete rules.
61.72 now 61.22	<b><u>Posting.</u></b> Change section title to: <b><u>Public information requirements.</u></b> Eliminated posting of tariffs. Revised language so that information on rates and a contact telephone number are provided.	Section renumbered in the reorganization of all tariff requirements. Section revised to incorporate recommendation from the FCC Part 61 Biennial Review NPRM (CC Docket No. 98-131).
61.73 now 61.23	<b><u>Duplication of rates or regulations.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.74 now 61.24	<b><u>References to other instruments.</u></b> Added language for reference to technical publications.	Section renumbered in the reorganization of all tariff requirements. Language added that allows tariffs to reference technical publications w/o filing a waiver. Also deletes obsolete rules.

Rule	Action	Justification
	<b>CONCURRENCES</b>	
61.131 now 61.28	<b><u>Scope.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.132 now 61.29	<b><u>Method of filing concurrences.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.133 now 61.30	<b><u>Format of concurrences.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.134 now 61.31	<b><u>Concurrences for through services.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.135 now 61.32	<b><u>Concurrences for other purposes.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.136 now 61.33	<b><u>Revocation of concurrences.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
	<b>APPLICATIONS FOR SPECIAL PERMISSION</b>	
61.151 now 61.34	<b><u>Scope.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.

Rule	Action	Justification
61.152 now 61.35	<b><u>Terms of applications and grants.</u></b> Deleted unnecessary language. Extended grant period to 90 days.	Section renumbered in the reorganization of all tariff requirements. Eliminates the reapplication for grants. Grant authority extended from 60 to 90 days.
61.153 now 61.36	<b><u>Method of filing applications.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
	<b>ADOPTION OF TARIFFS AND OTHER DOCUMENTS OF PREDECESSOR CARRIERS</b>	
61.171 now 61.37	<b><u>Adoption notice.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.172 now 61.38	<b><u>Changes to be incorporated in tariffs of successor carrier.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
	<b>SUSPENSIONS</b>	
61.191 now 61.39	<b><u>Carrier to file supplement when notified of suspension.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.192 now 61.40	<b><u>Contents of supplement announcing suspension.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.
61.193 now 61.41	<b><u>Vacation of suspension order; supplements announcing same; etc.</u></b> No change in content.	Section renumbered in the reorganization of all tariff requirements.

Rule	Action	Justification
New	<b>RULES FOR NONDOMINANT COMMON CARRIERS</b> Title added.	Add Title for new Nondominant Common Carrier rules.
New 61.80	<u><b>Retention of information concerning detariffed interexchange services.</b></u> Moved Section 42.11 to this new section.	Section 42.11 requirements for nondominant IXC's to maintain price and service information are moved to Part 61. The remainder of Part 42 is eliminated.

**USTA BIENNIAL REVIEW PROPOSAL**

**CODE OF FEDERAL REGULATIONS**

**TITLE 47 - TELECOMMUNICATIONS**

**CHAPTER I**

**FEDERAL COMMUNICATIONS COMMUNICATION**

**PART 61 - TARIFFS**

## **PART 61—TARIFFS**

Sec.

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### **DEFINITIONS**

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- 61.37 Adoption notice.
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- 61.39 Carrier to file supplement when notified of suspension.
- 61.40 Contents of supplement announcing suspension.
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## **ELECTRONIC TARIFF FILINGS**

- 61.44 Scope.
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- 61.46 Letters of transmittal and cover letters.
- 61.47 Base Documents.
- 61.48 Method of filing applications for special permission.
- 61.49 [Reserved]

## **INCUMBENT LOCAL EXCHANGE CARRIER RATE OF RETURN REGULATION**

- 61.50 Filing of access service tariffs.
- 61.70 Supporting information to be submitted with letters of transmittal.
- 61.71 Optional supporting information to be submitted with letters of transmittal for Access Tariff filings effective on or after April 1, 1989, by local exchange carriers serving fewer than 2% of the nation's subscriber access lines.

## **RULES FOR NONDOMINANT COMMON CARRIERS**

- 61.80 Retention of information concerning detariffed interexchange services.

## **§ 61.1 Purpose and application.**

(a) The purpose of this part is to prescribe the framework for the initial establishment of and subsequent revisions to tariff publications.

(b) Tariff publications filed with the Commission must conform to the rules in this part. Failure to comply with any provisions of this part may be grounds for rejection of the non-complying publication.

(c) No carrier required to file tariffs may provide any interstate or foreign communication service until every tariff publication for such communication service is on file with the Commission and in effect.

## **DEFINITIONS**

### **§ 61.2 Definitions.**

(a) *Act*. The Communications Act of 1934 (48 Stat. 1004; 47 U.S.C. chapter 5), as amended.

(b) *Association*. This term has the meaning given it in § 69.2(d).

(c) *Change in rate structure*. A restructuring or other alternation of the rate components for an existing service.

(d) *Charges*. The price for service based on tariffed rates.

(e) *Commercial contractor*. The commercial firm to whom the Commission annually awards a contract to make copies of Commission records for sale to the public.

(f) *Commission*. The Federal Communications Commission.

(g) *Concurring carrier*. A carrier (other than a connecting carrier) subject to the Act which concurs in and assents to schedules of rates and regulations filed on its behalf an issuing carrier or carriers.

(h) *Connecting carrier*. A carrier engaged in interstate or foreign communication solely through physical connection with the facilities of another carrier not directly or indirectly controlling or controlled by, or under direct or indirect common control with, such carrier.

(i) *Contract-based tariff*. A tariff based on a service contract entered into between a carrier and another carrier or a customer.

(j) *Corrections*. The remedy of errors in typing, spelling, or punctuations.

(k) *Dominant carrier*. A carrier found by the Commission to have market power (i.e., power to control prices).

(l) *Issuing carrier*. A carrier subject to the Act that publishes and files a tariff or tariffs with the Commission.

(m) *Local Exchange Carrier*. Any person that is engaged in the provision of telephone exchange service or exchange access as defined in section 3(26) of the Act.

(n) *New service offering*. A tariff filing that provides for a class or sub-class of service not previously offered by the carrier involved and that enlarges the range of service options available to ratepayers.

(o) *Non-dominant carrier*. A carrier not found to be dominant.

- (p) *Other participating carrier*. A carrier subject to the Act that publishes a tariff containing rates and regulations applicable to the portion or through service it furnishes in conjunction with another subject carrier.
- (q) *Rate*. The tariffed price per unit of service.
- (r) *Rate increase*. Any change in a tariff which results in an increased rate or charge to any of the filing carrier's customers.
- (s) *Rate level change*. A tariff change that only affects the actual rate associated with a rate element, and does not affect any tariff regulations or any other wording of tariff language.
- (t) *Regulations*. The body of carrier prescribed rules in a tariff governing the offering of service in that tariff, including rules, practices, classifications, and definitions.
- (u) *Restructured service*. An offering which represents the modification of a method of charging or provisioning a service; or the introduction of a new method of charging or provisioning that does not result in a net increase in options available to customers.
- (v) *Supplement*. A publication filed as part of a tariff for the purpose of suspending or cancelling that tariff, or tariff publication and numbered independently from the tariff page series.
- (w) *Tariff*. Schedules of rates and regulations filed by common carriers.
- (x) *Tariff publication, or publication*. A tariff, supplement, revised page, additional page, concurrence, notice of revocation, adoption notice, or any other schedule of rates or regulations filed by common carriers.
- (y) *Tariff year*. The period from the day in a calendar year on which a carrier's annual access tariff filing is scheduled to become effective through the preceding day of the subsequent calendar year.
- (z) *Text change*. A change in the text of a tariff which does not result in a change in any rate or regulation.
- (aa) *United States*. The several States and Territories, the District of Columbia, and the possessions of the United States.

## **GENERAL RULES FOR COMMON CARRIERS**

### **§ 61.10 Method of filing publications.**

(a) Except as specified in § 61.44, publications sent for filing must be addressed to "Secretary, Federal Communications Commission, Washington, DC 20554." The date on which the publication is received by the Secretary of the Commission (or the Mail Room where submitted by mail) is considered the official filing date.

(b) In addition, for all tariff publications requiring fees as set forth in part 1, subpart G of this chapter, issuing carriers must submit the cover letter (without attachments), FCC Form 159, and the appropriate fee to the Mellon Bank, Pittsburgh, PA at the address set forth in § 1.1105 of this chapter. Issuing carriers should submit these fee materials on the same date as the submission in paragraph (a) of this section.

(c) In addition to the requirements set forth in paragraphs (a) and (b) of this section, the issuing carrier must send a copy of the cover letter or transmittal letter with one diskette containing both the complete tariff and any attachments, as appropriate, to the Secretary, Federal Communications Commission. In addition, the issuing carrier must send one diskette of the complete tariff and a copy of the cover letter to the commercial contractor (at its office on Commission premises), and to the Chief, Tariff and Pricing Analysis Branch. The latter should be clearly labeled as the "Public Reference Copy." The issuing carrier should file the copies required by this paragraph so they will be received on the same date as the filings in paragraph (a) of this section.

### **§ 61.11 Cover letters.**

(a)(1) All publications filed with the Commission must be accompanied by a cover letter, 8.5 by 11 inches (21.6 cm x 27.9 cm) in size. All cover letters should briefly explain the nature of the filing and indicate the date and method of filing of the original cover letter.

(2) International carriers must certify in their original cover letter that they are authorized under Section 214 of the Communications Act of 1934, as amended, to provide service, and reference the FCC file number of that authorization.

(b) A separate cover letter may accompany each publication, or an issuing carrier may file as many publications as desired with one cover letter.

NOTE: If a receipt for accompanying publication is desired, the cover letter must be sent in duplicate. One copy showing the date of the receipt by the Commission will then be returned to the sender.

**§ 61.12 Letters of transmittal.**

(a) Except as specified in § 61.10(b), all publications filed with the Commission must be accompanied by a letter of transmittal, A4 (21 cm x 29.7 cm) or 8.5 x 11 inches (21.6 cm x 27.9 cm) in size. All letters of transmittal must (1) concisely explain the nature and purpose of the filing; (2) specify whether supporting information under § 61.70 is required; (3) state whether copies have been delivered to the Commercial Contractor and Chief, Tariff and Pricing Analysis Branch, as required by § 61.10, and (4) contain a statement indicating the date and method of filing of the original of the transmittal letter as required by § 61.10(b), and the date and method of filing the copies as required by § 61.10 (a) and (c).

(b) Tariffs filed pursuant to section 204(a)(3) of the Communications Act shall display prominently in the upper right hand corner of the letter of transmittal a statement that the filing is made pursuant to that section and whether it is being filed on 7- or 15- days' notice.

(c) In addition to the requirements set forth in paragraph (a) of this section, any carrier filing a new or revised tariff made on 15 days' notice or less shall include in the letter of transmittal, the name, room number, street address, telephone number, and facsimile number of the individual designated by the filing carrier to receive personal or facsimile service of petitions against the filing as required under § 1.773(a)(4) of this chapter.

(d) In addition to the requirements set forth in paragraphs (a), (b), and (c) of this section, the letter of transmittal must specifically reference by number any special permission necessary to implement the tariff publication. Special permission must be granted prior to the filing of the tariff publication, and may not be requested in the transmittal letter.

(e) The letter of transmittal must be substantially in the following format.

(Exact name of carrier in full) \_\_\_\_\_

(Post Office Address) \_\_\_\_\_

\_\_\_\_\_, 19\_\_ . \_\_\_\_\_

(Date) \_\_\_\_\_

Transmittal No. \_\_\_\_

Secretary,

Federal Communications Commission

Washington, DC 20554

Attention: Common Carrier Bureau.

The accompanying tariff (or other publication) issued by \_\_\_\_\_, and bearing FCC No. \_\_\_\_\_, effective \_\_\_\_\_, 19\_\_, is sent to you for filing in compliance with the requirements of the Communications Act of 1934, as amended. (Here give the additional information required.)

(Name of issuing officer or agent) \_\_\_\_\_

(Title) \_\_\_\_\_

(f) A separate letter of transmittal may accompany each publication, or the above format may be modified to provide for filing as many publications as desired with one transmittal letter.

NOTE: If a receipt for accompanying publication is desired, the letter of transmittal must be sent in duplicate. One copy showing the date of receipt by the Commission will then be returned to the sender.

## **SPECIFIC RULES FOR TARIFF PUBLICATIONS**

### **§ 61.13 Composition of tariffs.**

(a) Tariffs must contain in consecutive order: A title page; check sheet; table of contents; list of concurring, connecting, and other participating carriers; explanation of symbols and abbreviations; application of tariff; general rules (including definitions), regulations, exceptions and conditions; and rates. If the issuing carrier elects to add a section assisting in the use of the tariff, it should be placed immediately after the table of contents.

(b) The title page of every tariff and supplement must show:

(1) *FCC number, indication of cancellations.* In the upper right-hand corner, the designation of the tariff or supplement as "FCC No. \_\_\_\_\_," or "Supplement No. \_\_\_\_\_ to FCC No. \_\_\_\_\_," and immediately below, the FCC number or numbers of tariffs or supplements cancelled thereby.

(2) *Name of carrier, class of service, geographical application, means of transmission.* The exact name of the carrier, and such other information as may be necessary to identify the carrier issuing the tariff publication; a brief statement showing each class of service provided; the geographical application; and the type of facilities used to provide service.

(3) *Expiration Date.* When the entire tariff or supplement is to expire with a fixed date, the expiration date must be shown in connection with the effective date in the following manner:

Expires at the end of \_\_\_\_\_ (date) unless sooner canceled, changed or extended.

(4) *Title and address of issuing officer.* The title and street address of the officer issuing the tariff or supplement in the format specified in § 61.14.

(5) *Revised title page.* When a revised title page is issued, the following notation must be shown in connection with its effective date:

Original tariff effective \_\_\_\_\_

(here show the effective date of the original tariff).

(c)(1) The page immediately following the title page must be designated as "Original page 1" and captioned "Check Sheet." When the original tariff is filed, the check sheet must show the number of pages contained in the tariff. For example, "Page 1 to 150, inclusive, of this tariff are effective as of the date shown." When new pages are added, they must be numbered in continuing sequence, and designated as "Original page \_\_\_\_." For example, when the original tariff filed has 150 pages, the first page added after page 150 is to be designated as "Original page 151," and the foregoing notation must be revised to include the added pages.

(2) If pages are to be inserted between numbered pages, each such page must be designated as an original page and must bear the number of the immediately preceding page followed by an alpha or numeric suffix. For example, when two new pages are to be inserted between pages 44 and 45 of the tariff, the first inserted page must be designated as Original page 44A or 44.1 and the second inserted page as Original page 44B or 44.2. Issuing carriers may not utilize both the alpha and numeric systems in the same publication.

(3) When pages are revised, when new pages (including pages with letter or numeric suffix as set forth above) are added to the tariff, or when supplements are issued, the check sheet must be revised accordingly. Revised check sheets must indicate with an asterisk the specific pages added or revised. In addition to the notation in (1), the check sheet must list, under the heading "The original and revised pages named below (and Supplement No. \_\_\_\_ ) contain all changes from the original tariff that are in effect on the date shown," all original pages in numerical order that have been added to the tariff and the pages which have been revised, including the revision number. For example:

Page	Number of revision except as indicated
Title .....	1st
1 .....	*8th
3 .....	5th
5A .....	*Orig.
10 .....	*8th
151 .....	Orig.

\*New or Revised page.

(4) Changes in, and additions to tariffs must be made by reprinting the page upon which a change or addition is made. Such changed page is to be designated as a revised page, cancelling the page which it amends. For example, "First revised page 1 cancels original page 1," or "Second revised page 2 cancels first revised page 2," etc. When a revised page omits rates or regulations previously published on the page which it cancels, but such rates or regulations are published on another page, the revised page must make specific reference to the page on which the rates or regulations will be

found. This reference must be accomplished by inserting a sentence at the bottom of the revised page that states "Certain rates (or regulations) previously found on this page can now be found on page \_\_\_\_." In addition, the page on which the omitted material now appears must bear the appropriate symbol opposite such material, and make specific reference to the page from which the rates or regulations were transferred. This reference must be accomplished by inserting a sentence at the bottom of the other page that states "Certain rates (or regulations) on this page formerly appeared on page \_\_\_\_."

(5) Rejected pages must be treated as indicated in § 61.23.

(d) *Table of contents.* The table of contents must contain a full and complete statement showing the exact location and specifying the page or section and page numbers, where information by subjects under general headings will be found. If a tariff contains so small a volume of matter that its title page or its interior arrangement plainly discloses its contents, the table of contents may be omitted.

(e) *Tariff User's guide.* At its option, a carrier may include a section explaining how to use the tariff.

(f) *List of concurring carriers.* This list must contain the exact name or names of carriers concurring in the tariff, alphabetically arranged, and the name of the city or town in which the principal office of every such carrier is located. If there are no concurring carriers, then the statement "no concurring carriers" must be made at the place where the names of the concurring carriers would otherwise appear. If the concurring carriers are numerous, their names may be stated in alphabetical order in a separate tariff filed with the Commission by the issuing carrier. Specific reference to such separate tariff by FCC number must be made in the tariff at the place where such names would otherwise appear.

(g) *List of connecting carriers.* This list must contain the exact name or names of connecting carriers, alphabetically arranged, for which rates or regulations are published in the tariff, and the name of the city or town in which the principal office of every such carrier is located. If there are no connecting carriers, then the statement "no connecting carriers" must be made at the place where their names would otherwise appear. If connecting carriers are numerous, their names may be stated in alphabetical order in a separate tariff filed with the Commission by the issuing carrier. Specific reference to such separate tariff by FCC number must be made in the tariff at the place where such names would otherwise appear.

(h) *List of other participating carriers.* This list must contain the exact name of every other carrier subject to the Act engaging or participating in the communication service to which the tariff or supplement applies, together with the name of the city or town in which the principal office of such carrier is located. If there is no such other carrier, then the statement "no participating carriers" must be made at the place where the names of such other carriers would otherwise appear. If such other carriers are numerous, their



names may be stated in alphabetical order in a separate tariff filed with the Commission by the issuing carrier. Specific reference must be made in the tariff at the place where such names would otherwise appear. The names of concurring and connecting carriers properly listed in a tariff published by any other participating carrier need not be repeated in this list.

(i)(1) *Symbols, reference marks, abbreviations.* The tariff must contain an explanation of symbols, reference marks, and abbreviations of technical terms used. The following symbols used in tariffs are reserved for the purposes indicated below:

R to signify reduction.

I to signify increase.

C to signify changed regulation.

T to signify a change in text but no change in rate or regulation.

S to signify reissued matter.

M to signify matter relocated without change.

N to signify new rate or regulation.

D to signify discontinued rate or regulation.

Z to signify a correction.

(2) The uniform symbols must be used as follows.

(i) When a change of the same character is made in all or in substantially all matter in a tariff, it may be indicated at the top of the title page of the tariff or at the top of each affected page, in the following manner: "All rates in this tariff are increases," or, "All rates on this page are reductions, except as otherwise indicated."

(ii) When a change of the same character is made in all or substantially all matters on a page or supplement, it may be indicated at the top of the page or supplement in the following manner: "All rates on this page (or supplement) are increases," or, "All rates on this page (or supplement) are reductions except as otherwise indicated."

(3) Items which have not been in effect 30 days when brought forward on revised pages must be shown as reissued, in the manner prescribed in § 61.13(i)(1). Items which have been in effect 30 days or more and are brought forward without change on revised pages must not be shown as reissued items.

(j) *Rates and general rules, regulations, exceptions and conditions.* The general rules (including definitions), regulations, exceptions, and conditions which govern the tariff must be stated clearly and definitely. All general rules, regulations, exceptions or conditions which in any way affect the rates named in the tariff must be specified. A special rule, regulation, exception or condition affecting a particular item or rate must be specifically referred to in connection with such item or rate. Rates must be expressed in United States currency, per chargeable unit of service for all communication services, together with a list of all points of service to and from which the rates apply. They must be arranged in a simple and systematic manner. Complicated or ambiguous terminology may not be used, and no rate, rule, regulation, exception or condition shall be included which in any way attempts to substitute a rate, rule, regulation, exception or

condition named in any other tariff.

(k) The tariff must be submitted on a 3 1/2 inch (8.89 cm) diskette, formatted in an IBM compatible form using MS DOS 5.0 and WordPerfect 5.1 software. The diskette must be submitted in "read only" mode. The diskette must be clearly labelled with the carrier's name, Tariff Number, and the date of submission. The cover letter must be submitted on 8 1/2 by 11 inch (21.6 cm x 27.9 cm) paper, and must be plainly printed in black ink.

(l) The tariff must contain the carrier's name, the international Section 214 authorization FCC file number (when applicable), and the information required by Section 203 of the Act.

(m) Changes to a tariff must be made by refiling the entire tariff on a new diskette, with the changed material included. The carrier must indicate in the tariff what changes have been made.

#### **§ 61.14 Form, size, type, legibility, etc.**

(a) All tariff publications must be in loose-leaf form of size A4 (21 cm x 29.7 cm) or 8.5 x 11 inches (21.6 cm x 27.9 cm), and must be plainly printed in black print on white paper of durable quality. Less than 6-point type may not be used. Erasures or alterations in writing must not be made in any tariff publication filed with the Commission or in those copies posted for public convenience. A margin of no less than 2.5 cm (1 inch) in width must be allowed at the left edge of every tariff publication.

(b) Pages of tariffs must be printed on one side only, and must be numbered consecutively and designated as "Original title page," "Original page 1," "Original page 2," etc.

(1) All such pages must show, in the upper left-hand corner the name of the issuing carrier; in the upper right-hand corner the FCC number of the tariff, with the page designation directly below; in the lower left-hand corner the issued date; in the lower right-hand corner the effective date; and at the bottom, center, the street address of the issuing officer. The carrier must also specify the issuing officer's title either at the bottom center of all tariff pages, or on the title page and check sheet only.

(2) As an alternative, the issuing carrier may show in the upper left-hand corner the name of the issuing carrier, the title and street address of the issuing officer, and the issued date; and in the upper right-hand corner the FCC number of the tariff, with the page designation directly below, and the effective date. The carrier must specify the issuing officer's title in the upper left-hand corner of either all tariff pages, or on the title page and check sheet only. A carrier electing to place the information at the top of the page should annotate the bottom of each page to indicate the end of the material, e.g., a line, or the term "Printed in USA," or "End".

(3) Only one format may be employed in a tariff publication.